

Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 CIAE-00 PM-04 INR-07 L-03 ACDA-10

NSAE-00 PA-02 SS-15 PRS-01 SP-02 USIA-15 TRSE-00

SAJ-01 DODE-00 H-02 NSC-05 OMB-01 IO-10 /091 W

----- 048619

P 011840Z SEP 75

FM USMISSION NATO

TO SECSTATE WASHDC PRIORITY 3308

UNCLAS USNATO 4606

E.O. 11652: N/A

TAGS: AFIN, NATO

SUBJ: INFORMATION FOR FY 1977 BUDGET SUBMISSION

REF: A. STATE 194625 DTG 152314Z AUG 75

B. USNATO 3773 DTG 161244Z JUL 75

1. THE FOLLOWING INFORMATION IS FURNISHED IN RESPONSE TO REF A.

2. SUMMARY OF NATO CIVIL BUDGET EXCLUDING CHAPTER IX
(DEFENSE SUPPORT - FUNDED BY DOD) AND MBFR COSTS (IN
BELGIAN FRANCS).

	TOTAL	US SHARE AT 24.2PERCENT
ACTUAL BUDGET 1974	1,206,692,402	292,019,561
MANDATORY INCREASES	215,734,598	
DISCRETIONARY INCREASES	-0-	
ASSESSMENT BUDGET 1975 (EST)	1,422,427,000	344,230,000
MANDATORY INCREASES	408,000,000	
DISCRETIONARY INCREASES	20,000,000	
ASSESSMENT BUDGET 1976 (EST)	1,850,000,000	447,700,000
MANDATORY INCREASES	209,000,000	
DISCRETIONARY INCREASES	10,000,000	
ASSESSMENT BUDGET 1977 (EST)	2,069,000,000	500,700,000

2. EXPLANATION OF ESTIMATES:

A. MANDATORY INCREASES ARE DEVOTED APPROXIMATELY FOUR-
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FIFTHS TO PERSONNEL AND ONE-FIFTH TO ALL OTHER OPERATING
AND CAPITAL COSTS, FOR EACH YEAR. SALARY SCALES DEPEND
UPON RECOMMENDATIONS BY COORDINATING COMMITTEE OF GOVERN-
MENT BUDGET EXPERTS, PARIS. FOR YEARS 1976 AND 1977 IN-

FORMATION/CULTURAL RELATIONS PROGRAM AND SCIENCE PROGRAM WILL UNDERGO HIDDEN BUT REAL REDUCTIONS AS AVERAGE ANNUAL INCREASE FOR THESE PROGRAMS IS 6 PER CENT AND 4.8 PER CENT, RESPECTIVELY, WHEREAS INFLATION RATE IN BELGIUM IS ON THE ORDER OF 15 PER CENT PER YEAR.

B. IN ESTIMATE FOR 1976, 20 MILLION BF IS PROVIDED FOR COST OF PORTION OF COMMUNICATION SATELLITE GROUND TERMINALS TO BE TRANSFERRED FROM MILITARY BUDGET TO CIVIL BUDGET. IN 1977 ESTIMATE 10 MILLION IS PROVIDED TO COVER TEN NEW POSTS IN SITUATION CENTER FOR ADP ACTIVITY.

C. US POSITION HAS BEEN TO HOLD INCREASES TO A MINIMUM OF OFFSET INCREASES WITH DECREASES ELSEWHERE. FOR EXAMPLE, THE 1975 BUDGET PROVIDED FOR THE CREATION OF THREE NEW POSTS (AIR DEFENSE DIRECTORATE) AND ELIMINATED FOUR OTHER POSTS. PRIORITIES OF ALL NATO PROGRAMS ARE HIGH. EACH PROGRAM OR ACTIVITY IS INDIVIDUALLY EXAMINED IN BUDGET COMMITTEE AND LIMITED WHEREVER POSSIBLE. FOR EXAMPLE, COMMITTEE, IN MANY INSTANCES FOLLOWING US LEAD, MADE CUTS OF ABOUT 195 MILLION BF IN SECRETARY-GENERAL'S 1975 BUDGET REQUEST, BUT CUTS WERE DIRECTED PRIMARILY AT PERSONNEL POLICIES AND TECHNIQUES EMPLOYED IN DEVELOPMENT OF BUDGET ESTIMATES.

D. MISSION ASSUMES THAT THE CURRENT RATE OF INFLATION IN BELGIUM (ABOUT 15 PER CENT) AND OTHER COUNTRIES IN WHICH NATO ACTIVITIES ARE CONDUCTED WILL CONTINUE, AND THAT SALARIES WILL CONTINUE TO RISE, ALTHOUGH HOPEFULLY AT A REDUCED RATE. THE FULL EFFECT OF THE 1974 GENERAL REVIEW OF SALARIES WILL NOT BE FELT UNTIL 1976. ESTIMATES ARE IN BELGIAN FRANCS; MISSION MAKES NO ESTIMATES OF FUTURE CONVERSION RATES TO DOLLARS. BRUCE

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Message Attributes

Automatic Decaptioning: X
Capture Date: 18 AUG 1999
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: n/a
Control Number: n/a
Copy: SINGLE
Draft Date: 01 SEP 1975
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Authority: n/a
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01 JAN 1960
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1975NATO04606
Document Source: ADS
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: n/a
Film Number: n/a
From: NATO
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1975/newtext/t197509102/abbrzlrp.tel
Line Count: 87
Locator: TEXT ON-LINE
Office: n/a
Original Classification: UNCLASSIFIED
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators:
Previous Classification: n/a
Previous Handling Restrictions: n/a
Reference: A. STATE 194625 DTG 152314Z AUG 75 B. USNATO 3773 DTG 161244Z JUL 75
Review Action: RELEASED, APPROVED
Review Authority: RowellEO
Review Comment: n/a
Review Content Flags:
Review Date: 23 JUN 2003
Review Event:
Review Exemptions: n/a
Review History: RELEASED <23 JUN 2003 by MaustMC>; APPROVED <12 JAN 2004 by RowellEO>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
06 JUL 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: INFORMATION FOR FY 1977 BUDGET SUBMISSION
TAGS: AFIN, NATO
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 06 JUL 2006